

STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 FREMONT STREET, 21ST FLOOR
SAN FRANCISCO, CALIFORNIA 94105

RH02026113

CALIFORNIA CODE OF REGULATIONS, TITLE 10.
CHAPTER 5, SUBCHAPTER 1.

ADOPT ARTICLE 11 TO READ:

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ARTICLE 11 COMMUNICATIONS EQUIPMENT AGENT LICENSING
REGULATIONS

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Section 2194. Authority and Purpose.

These regulations are promulgated pursuant to the authority granted to the Insurance Commissioner under the provisions of Assembly Bill No. 2856 (Stats. 2002, ch. 437). No communications equipment vendor may sell or offer insurance without complying with Sections 1758.6 - 1758.693 of the California Insurance Code. (For operative effect, see Insurance Code section 1758.693.)

NOTE: Authority cited: Sections 1758.6 and 1758.693, Insurance Code. Reference: Sections 1758.6 - 1758.693, Insurance Code.

Section 2194.1. Definitions.

As used in these regulations and in Article 16.1 (commencing with Section 1758.6) of the Insurance Code:

(a) "Insurer" means an insurance company holding a California certificate of authority.

(b) "Franchise" and its derivatives are as defined in the California Corporations Code, Title 4, Division 5, Part 1 (commencing with Section 31005).

(c) "Organization" means any legal entity other than a natural person. Where reference is made to a natural person named on an organization license, the reference shall be to a person who is named to exercise the power and perform the duties under an organization license. The natural person named on the organizational license shall meet the qualifications required for the type of license sought by the organization.

Note: Authority cited: Sections 1758.6 and 1758.693, Insurance Code. Reference: Sections 1628 and 1758.68, Insurance Code.

Section 2194.2. Applications

(a) Each natural person (i.e., individual) or organization intending to act as a communications equipment insurance agent shall apply for and obtain a separate license.

(b) An individual or organization licensee shall file with the Commissioner any true name or fictitious name(s) under which the applicant intends to act as a communications equipment agent. The Commissioner may disapprove, in writing, the use of any true or fictitious name (other than the bona fide true name of the individual) by any licensee pursuant to Article 1 (commencing with section 2050) of this chapter.

(c) Any certification required in Article 16.1 (commencing with Section 1758.6) of the Insurance Code shall be made under penalty of perjury under the laws of the State of California.

NOTE: Authority cited: Sections 1758.6 and 1758.693, Insurance Code. Reference: Section 1758.62, Insurance Code; and Article 1 (commencing with section 2050), California Code of Regulations, Title 10.

Section 2194.3. Fees.

(a) A fee of \$225 shall be paid at the time the license application is filed.

(1) Applications that are not accompanied by the appropriate fee shall not be accepted for filing, whether or not they contain all the documents otherwise required by Sections 1758.62(a) and 1758.63(c) of the Insurance Code.

(b) A fee of \$225 shall be paid at the time a communications

equipment agent license renewal application is filed.

(c) Costs charged by the Department of Insurance for any enforcement action or investigation shall be paid by the licensee, in addition to the application or renewal filing fee.

NOTE: Authority cited: Sections 1758.6 and 1758.693, Insurance Code. Reference: Sections 1758.62 and 1758.692, Insurance Code.

Section 2194.4. Disclosure.

(a) The brochures or other materials that are provided to the prospective customer pursuant to Section 1758.66 of the Insurance Code shall include, among other information:

(1) the approved true or fictitious name under which the licensee is doing business at the location in which the communications equipment transaction is taking place; and

(2) the name of the insurer providing the insurance being offered to the prospective purchaser.

(b) All disclosures required by Section 1758.66 of the Insurance Code and these regulations shall be written clearly and conspicuously.

NOTE: Authority cited: Sections 1758.6 and 1758.693, Insurance Code. Reference: Section 1758.66, Insurance Code.

Section 2194.5. Training.

If the training materials required pursuant to Section 1758.63(c) of the Insurance Code have been previously approved by the California Department of Insurance, the applicant is not required to submit the training materials. The applicant instead shall submit a letter, signed by both the fire and casualty broker-agent and by the applicant (or officer of the entity), stating that the applicant will use the approved training materials filed by the fire and casualty broker-agent.

NOTE: Authority cited: Sections 1758.6 and 1758.693, Insurance Code. Reference: Section 1758.63, Insurance Code.

Section 2194.6. Records.

(a) Records of insurance transactions and other documents required by Article 16.1 (commencing with Section 1758.6) of the Insurance Code and these regulations shall be maintained for at least three (3) years after the expiration or cancellation date of the policy to which the records pertain, except where otherwise specifically authorized by statute or by the Commissioner in regulation.

(b) Records shall be kept in this State, in the principal office of the licensee, except where otherwise specifically authorized by statute or by the Commissioner in regulation.

(c) Records shall be produced for examination by the Commissioner or a designee of the Commissioner within thirty (30) days of the mailing date of a written request. Records may be requested in electronic or written format by the Commissioner or a designee of the Commissioner.

NOTE: Authority cited: Sections 1758.6 and 1758.693, Insurance Code. Reference: Section 1758.63, Insurance Code.

Section 2194.7. Forms.

The specific forms required to be filed with the Commissioner by license applicants and licensees are as follows:

(a) The written application for licensure shall be made on Form 441-9 (Rev 01/2003) for individuals and on Form 441-11 (Rev 01/2003) for organizations.

(b) The initial certification of authorized employees shall be made on form Lic. CV 1 (Rev 12/2002).

(c) The annual certification of authorized employees shall be made on form Lic. CV 2 (Rev 12/2002).

(d) The insurer certification shall be made on form Lic. CV 3 (Rev 12/2002).

(e) Training materials submitted to the Commissioner shall contain all of the elements set forth in form Lic. CV 4 (Rev 12/2002).

(f) The list of authorized endorsees shall be made on form Lic. CV 5 (Rev 12/2002). The list shall be maintained in a format capable of transmission to the Commissioner or a designee of the Commissioner electronically and in hard copy or diskette, however requested by the Commissioner or a designee of the Commissioner pursuant to Section 2194.6(c) above. The electronic version shall be transmitted in commercial word-processing or spreadsheet form. When requested, the list shall be updated to include endorsees newly authorized up to thirty (30) days before the mailing date of the request, and shall include the dates upon which each endorsee's authorization began and, if relevant, terminated. It shall then be transmitted as an attachment to e-mail or by regular mail in hard copy or diskette, as requested. The appropriate e-mail and regular mailing addresses shall be posted by the Department on its website at <http://www.insurance.ca.gov>.

(g) All forms set forth in this section are incorporated

herein by reference in their entirety and are available upon request, by telephone or in writing, to the Department of Insurance or on the website of the Department of Insurance at www.insurance.ca.gov.

NOTE: Authority cited: Sections 1758.6 and 1758.693, Insurance Code. Reference: Sections 1758.62 and 1758.63, Insurance Code.

Section 2194.8. Procedures.

(a) The following criteria shall apply to procedures employed by the Commissioner in considering and issuing licenses under this article:

(1) If the application is deficient, the Commissioner shall, within twenty-one (21) days of receipt of the license application, inform the applicant, in writing, that the application is deficient and what specific information is required for completion. Absent notice of a deficiency, the application is deemed complete at the date of filing.

(2) The Commissioner shall, within thirty (30) calendar days of the applicant's filing of a completed application, reach a decision whether to issue or deny a license, and shall notify the applicant of the decision. If the Commissioner has decided to deny the application, the reason(s) therefor shall be set forth in the notification.

(b) The periods set forth above shall be tolled in the event the application requires legal action by the Commissioner.

(c) The Department of Insurance's median, minimum and maximum times for processing a similar license from the receipt of the initial completed application to the final license decision, and excluding applications that require legal action by the Commissioner, are as follows:

- (1) thirty (30) calendar days (median time),
- (2) fourteen (14) calendar days (minimum time), and
- (3) one (1) calendar year (maximum time).

NOTE: Authority cited: Sections 1758.6 and 1758.693, Insurance Code. Reference: Section 15376, Government Code, and Section 1670, Insurance Code.